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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 001938

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SUBJECT: NEPAL: REACTIONS TO KING'S ASSUMPTION OF
EXECUTIVE POWERS

REF: (A) KATHMANDU 1932

Classified By: DCM ROBERT K. BOGGS. REASON: 1.5 (B,D).

SUMMARY

1. (C) After initially denouncing King Gyanendra's October 4 assumption of executive power (Ref A) as unconstitutional, leaders of most political parties are still coming to grips with--and trying to assess how best to turn to their advantage--the monarch's action. As of COB October 7, most party leaders had not yet officially decided whether or how to accept Gyanendra's invitation to propose members of a caretaker government. A well-connected source with ties close to the Palace told the Ambassador October 7 that the King is increasingly confident, despite some initial demurring, that he will get the multi-partisan support and participation in the new Cabinet that he seeks. Although extra police and security have been apparent on Kathmandu streets since October 5, public reaction remains fairly measured--even positive. Local press and police sources report that some former members of Prime Minister Sher Bahadur Deuba's Cabinet are under unofficial "house arrest." The Maoists, whom the King did not specifically invite to participate in the Cabinet, issued a press statement October 5 condemning the monarch's move. Embassy's press statement, to be released on an if-asked basis, follows in Para 8 below. End summary.

CONSULTATION, BUT SO FAR NO CONSENSUS

2. (C) Following his late-night dismissal of the government of Prime Minister Sher Bahadur Deuba and his assumption of executive powers October 4 (Ref A), King Gyanendra continues to meet with leaders of mainstream political parties to encourage their participation in a caretaker government. Although many of the parties have toned down the heated rhetoric of their initial reactions (both factions of the Nepali Congress had earlier termed the move "undemocratic" and "unconstitutional"), most mainstream parties were as of COB October 7 still assessing the King's action--and his invitation to nominate members to an interim Cabinet. Sushil Koirala, General Secretary of the Nepali Congress (Koirala wing), told us that his party had many questions about the "modalities" of the proposed new government, i.e., whether the Cabinet could be reconstituted from the previous Parliament; whether the Cabinet or the King will exercise executive powers; and the extent of powers of the caretaker Prime Minister. Both the National Democratic Party, which had initially welcomed the King's action, and the Communist Party of Nepal - United Marxist Leninist (UML) have not yet determined whether to accept the King's offer and nominate members to join the interim government. Only former Prime Minister Deuba told the Ambassador on October 7 that he will not forward to the King nominations for the proposed interim government (septel).

3. (C) Former Finance Minister Ram Sharan Mahat, now allied with the Nepali Congress (Koirala), told the Ambassador October 7 that his party, while still regarding the King's action as unconstitutional, realizes it must deal with the new reality the move presents. The Nepali Congress is very concerned that "no further encroachment" upon the Constitution take place. The new Cabinet should include members of political parties based on their representation in the previous Parliament, Mahat said. Indeed, most of the Cabinet should be political figures, rather than technocrats, Mahat noted, citing Article 128 of the Constitution. (Note: Article 128.2 stipulates that in the event of the dissolution of the Cabinet, "His Majesty shall constitute a new Council of Ministers consisting of representatives from the main political parties." End note.)

4. (C) The parties' apparent hesitation does not seem to be a matter of concern to the King. Prabhakar Rana, a prominent businessman with close ties to the Palace, told the Ambassador October 7 that King Gyanendra is increasingly confident that he will get the multi-partisan support and

participation he is seeking within the five-day limit he set in his October 4 speech (Ref A). The King is not bargaining with the parties, Rana asserted, although he indicated the monarch may be reconsidering his precondition that new Cabinet members not stand in the next general election. Rana also dismissed speculation that the King plans to fill the new interim government with aged hold-overs from the former Panchayat regime.

PUBLIC REACTION

15. (SBU) Although police and security forces have beefed up their presence along Kathmandu streets since October 5, public reaction to the King's announcement has been comparatively calm--even positive. The Palace declared October 7 a government holiday; most people took the occasion to shop in preparation for the week-long Dasain holiday, which begins October 14. The UML student union staged a peaceful protest October 6; other public demonstrations have been pro-Palace. Members of the business community have told us they welcomed the King's move--some even going so far as to take out public advertisements applauding his action in local newspapers.

16. (C) According to police sources, at least two of former PM Deuba's Cabinet Ministers have been placed under unofficial house arrest. Police are "guarding" the private homes of former Communications Minister Jaya Prakash Gupta and former Physical Works Minister Chiranjibi Wagle, both of whom have been summoned to appear before the Commission for the Investigation into the Abuse of Authority (CIAA), the autonomous anti-corruption body. The police have told us that the order was passed down from sources in the Palace, rather than the Home Ministry. There have been unconfirmed press reports that the homes of three other former ministers--Khum Bahadur Khadga (Home), Bal Bahadur K.C. (Civil Aviation), and Bijay Kumar Gachhadar (Water Resources) are under police surveillance as well. Reflective of the many problems that he had with his erstwhile Cabinet colleagues, former Prime Minister Deuba told the Ambassador that he had "no problem if they were thrown in jail."

MAOISTS: PREDICTABLE CONDEMNATION, BUT SO FAR NO ACTION

17. (U) On October 5 Maoist leader Prachanda issued a press statement condemning Gyanendra's action as a "baton" to "attack the fundamental rights of the people," part of an ongoing Palace conspiracy to undermine democracy. Noting that the King's announcement made no mention of a solution to the "present civil war in the country," the Maoist statement urges all Nepalis to "launch a strong protest to sweep out the feudal, tyrannical despots forever." Despite the fiery rhetoric, however, there have been no reports of increased Maoist activity or fresh schedules for general strikes, or "bandhs," issued since the King's October 4 speech.

EMBASSY STATEMENT

18. (U) The Foreign Ministries in New Delhi and Beijing have already issued public statements regarding the King's action: China's predictably non-committal and India's well-balanced and generally supportive. We understand the EU may be weighing a joint statement. The Embassy prepared the following statement to be used on an if-asked basis with the Nepali and foreign press.

--We consider it regrettable that the security situation prevented elections from being held as scheduled on November 13.

--As friends of Nepal, we view preservation of the constitutional monarchy and a multi-party democracy that respects all fundamental political and civil rights as crucial elements of any satisfactory resolution to this national crisis.

--We note His Majesty's affirmation of his commitment to the Constitution and democracy.

--We consider it imperative that free, fair and credible national and local elections be held as soon as feasible.

--In this time of national crisis, we look to all Nepalis to accept the challenge before their country and contribute their vision and leadership to resolve the problems confronting their nation.

End statement.

COMMENT

19. (C) After initially condemning the King's move as unconstitutional, the largest political parties are clearly re-thinking their positions. With the possible exception of former PM Deuba's Nepali Congress (Democratic), most parties seem to be reassessing their options and attempting to extract the most advantage possible from the new situation. The composition of the new Cabinet is very much a work in progress for both the King and the parties. Despite the tough talk on both sides, we expect a significant amount of accommodation will take place on the part of both the Palace and the parties in order to achieve a workable solution.

MALINOWSKI